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SUBJECT: EU COUNCIL FAILS TO AGREE ON CLIMATE FINANCING

¶1. (SBU) This is an initial spot report of the climate outcomes of the EU Council. USEU will provide further detail next week after conversations with EU officials.

¶2. (SBU) Summary. Despite efforts from the Swedish Presidency and the European Commission, EU Heads of State and Government failed to agree on either of the two main climate financing issues:

- How to internally share the financial burden among the Member States; and
- The level of financing the EU plans to bring to the table in Copenhagen.

The EU will set up a Working Party to address financial burden sharing and plans to complete work in advance of Copenhagen. The outcome is being hailed as a success by Poland, and both the Commission and the Swedish Presidency are promoting it as a success as well, focusing instead on the agreement that 100 billion euros per year will be needed in 2020 to address global climate change. End summary.

¶3. (SBU) The European Council, meeting in Brussels on October 29-30, was unable to resolve the key issues facing it with regard to climate financing. The Swedish Presidency was hoping to clarify how Member States would divide the financial commitment the EU will bring to the Copenhagen climate negotiations (known as "burden sharing"). However, Poland and Hungary, supported by the other new Member States, argued that ability to pay, as opposed to greenhouse gas (GHG) emissions (known as the "polluter pays" principle), should take precedence in determining a Member State's contribution. Additionally, Member State officials indicated to USEU EconOff that Germany also opposed the various proposals on the table, so ultimately, no agreement was formed. Instead, the EU will form a Working Party to work out the details of the internal adjustment mechanism. To ensure that all Member States are in agreement, the European Council must approve by consensus the Working Party's proposals.

¶4. (SBU) With the burden sharing discussion unresolved, it prevented the Swedish Presidency and the Commission from securing concrete figures for the EU's financial contribution to be brought to Copenhagen. The Council did support the Commission's proposal that it will cost around 100 billion euros per year by 2020 to address global mitigation and adaptation, and that between 22 and 50 billion euros will need to come from international public financing. However, despite proposals from the Commission that recommended that the EU commit to ten billion euros of that figure, the Council was unable to come to agreement. Instead, the Council stated that the EU will contribute its "fair share."

¶5. (SBU) The Council was however, successful in securing agreement on key aspects of mitigation targets. It calls on all UN parties to agree to limit global temperature increase to two degrees C through developed country emission reductions of 80-95% and global emission reductions of 50% from 1990 levels by 2050. It also supported a long-term EU target of 80-95% reductions by 2050, and reiterated its commitment to move to 30% emission reductions by 2020 with comparable commitments from other countries.

¶6. (SBU) Comment. The outcome of the EU Council is close to even the strong positions held, particularly the East Swedish Presidency is satisfied with the results but not publicly.

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victory, a HQials believe agreement is likely, and USEU Qeement before
Copenhageental political failure b itself as the global QEnd
comment.

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